

# NAICS North American Industry Classification System

The Labor Market Information (LMI) unit of the Rhode Island Department of Labor and Training (RIDLT) is responsible for assigning industry and geographic codes to new businesses that are covered by the Unemployment Insurance laws in Rhode Island.

Industries are classified through the North American Industry Classification System (NAICS). NAICS, developed using a production oriented conceptual framework, is an industry classification system that groups establishments into industries based on the activities in which they are primarily engaged. NAICS is used by statistical agencies of the United States and is the first economic classification system to be constructed based on a single economic concept.

NAICS uses a six-digit hierarchical coding system to classify all economic activity into twenty industry sectors (two-digit). There are 100 sub-sectors (three-digit), 317 industry groups (four-digit), 725 NAICS industries (five-digit) and 1,179 US industries (six-digit). Five sectors are mainly goods-producing sectors and fifteen are entirely service-providing sectors.

## NAICS Twenty Industry Sectors

- 11 Agriculture, Forestry, Fishing & Hunting
- 21 Mining
- 22 Utilities
- 23 Construction
- 31-33 Manufacturing
- 42 Wholesale Trade
- 44-45 Retail Trade
- 48-49 Transportation & Warehousing
- 51 Information
- 52 Finance & Insurance
- 53 Real Estate & Rental & Leasing
- 54 Professional, Scientific, & Technical Services
- 55 Management of Companies & Enterprises
- 56 Administrative & Support & Waste Management & Remediation Services
- 61 Educational Services
- 62 Health Care & Social Assistance
- 71 Arts, Entertainment, & Recreation
- 72 Accommodation & Food Services
- 81 Other Services (except Public Administration)
- 92 Public Administration

## NAICS Hierarchic Structure

<b>Industry Sector</b>	56	Administrative & Support & Waste Services
<b>Sub-sector</b>	561	Administrative & Support Services
<b>Industry Group</b>	5614	Business Support Services
<b>NAICS Industry</b>	56142	Telephone Call Centers
<b>US Industry</b>	561422	Telemarketing Bureaus

The NAICS code is assigned to all businesses (public or private) that register with the Rhode Island Division of Taxation. The *Business Application and Registration (BAR)* form is required of new establishments that meet any of the following three criteria: have employees working in Rhode Island, lease employees in Rhode Island, or make sales at retail. The *Industry Description* section of the BAR form allows the registrant to provide a description and breakdown of the primary activities that the business is planning to conduct. The establishment is classified to the NAICS industry which matches its primary activity.

Once a year, the LMI unit conducts an *Annual Refiling Survey* of approximately one-third of all Rhode Island businesses. The purpose of the survey is to verify or update a variety of data including the industrial activity code. Businesses selected in the survey sample are asked if the NAICS code previously assigned to their business accurately describes the primary business activity for the past twelve months. Those who answer "No" are asked to describe the current primary activity of the company. An LMI analyst will then assign a new NAICS code based on that detailed information. The collection of this data improves the quality of published employment and wage data.

Once assigned, the NAICS code acts as a statistical tool to measure the economic health of industries, both local and statewide. NAICS makes it possible to determine current employment wage trends and economic forecasts by industry. The NAICS code helps determine statistically how industries are growing or shrinking and how occupations within industries are emerging or declining. Private businesses, community leaders, academic researchers, and government agencies use these data for research, economic analyses, policy decisions, and planning. In addition, many tax incentives and training programs determine employers' eligibility based on their industry code.

Finally, Labor Market Information units across the country are assigning NAICS codes in a similar manner, making industry data comparable across the nation.

# NAICS

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### Agriculture, Forestry, Fishing and Hunting

This sector comprises establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from farms, ranches, or their natural habitat. Establishments in this sector are described as farms, ranches, dairies, greenhouses, nurseries, orchards, or hatcheries. The sector distinguishes two basic activities: agricultural production and agricultural support activities.



### Mining

This sector includes establishments that extract naturally occurring mineral solids, such as coal, ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining includes quarrying, well operations, and beneficiating, or other preparation customarily performed at the mine site or as part of the mining activity. The sector distinguishes two basic activities: mine operation and mining support activities.



### Utilities

This sector comprises establishments engaged in the provision of electric power, natural gas, steam supply, water supply and sewage removal. The specific activities associated with the utility services provided vary by utility: electric power includes generation, transmission, and distribution; natural gas includes distribution; steam supply includes provision and/or distribution; water supply includes treatment and distribution; and sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage treatment facilities.



### Construction

The construction sector comprises establishments primarily engaged in the construction of residential, commercial, and industrial buildings or engineering projects (e.g., highways and utility systems). Construction work done may include new work, additions, alterations, or maintenance and repairs. Also included are establishments engaged in the demolition or wrecking of buildings and other structures, the clearing of building sites and the sale of materials from demolished structures. Blasting, test drilling, landfilling, leveling, earthmoving, excavating, land drainage, and other land preparation are also included.



### Manufacturing

This sector comprises establishments primarily engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Establishments in this sector are often described as plants, factories, or mills. These establishments generally use power-driven machines and material-handling equipment. This sector may also include establishments that transform materials or substances into new products by hand or in the worker's home, and those engaged in selling products made on the premises to the general public. This includes bakeries, candy stores, and custom tailors. This sector produces both finished products, ready for use or consumption, and semi-finished products that serve as input for further manufacturing.

Manufacturing establishments often perform activities that are considered to be out of the manufacturing realm, such as research and development, administrative functions, or warehousing. When separate establishments within the manufacturing firm perform these activities, those establishments are classified in the NAICS sector that includes such activities.



### Wholesale Trade

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The wholesaling process is an intermediate step in the distribution of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of (a) goods for resale (i.e., goods sold to other wholesalers or retailers), (b) capital or durable non-consumer goods, and (c) raw and intermediate materials and supplies used in production.

This sector comprises two main types of wholesalers: merchant wholesalers that sell goods on their own account and business to business electronic markets, agents, and brokers that arrange sales and purchases for others generally for a commission or fee.

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### Retail Trade

This sector is composed of establishments organized to sell merchandise in small quantities to the general public. The two main types of retailers are store and non-store. Stores are located and designed to attract large volumes of customers through extensive merchandise displays and mass-media advertisement. Customers include businesses and institutional clients as well as the general public. Office supply stores, building materials dealers, plumbing and electrical supply stores, gasoline service stations, automotive dealers, and mobile home dealers are all classified as store retailers. Stores that provide after-sales services such as repair and installation are generally considered retail. Non-store retailers also serve the general public through “infomercials,” mail-order and electronic catalogs, door-to-door solicitation, in-home demonstration, portable carts, and vending machines.



### Transportation and Warehousing

This sector comprises industries that provide transportation of passengers and cargo, scenic and sightseeing transportation, transportation support activities, and warehousing and storage for goods. Transportation may be provided by air, rail, road, water, or pipeline.



### Information

This sector includes establishments primarily engaged in producing and distributing information and cultural products; establishments primarily engaged in providing the means to transmit or distribute data or other communications; and establishments primarily engaged in processing data. The sector includes newspapers, book and software publishers, motion picture and sound recording industries, telecommunications, data processing services, and libraries.



### Finance and Insurance

This sector comprises establishments primarily involved in financial transactions involving the creation, liquidation, or change in ownership of financial assets, or in facilitating financial transactions. The three principal types of activities are: raising funds by taking deposits or issuing securities - thereby incurring liabilities; pooling risks by underwriting insurance and annuities; providing specialized services facilitating and supporting financial intermediation, insurance, and employee benefit programs.



### Real Estate and Rental and Leasing

This sector includes establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets. Tangible assets include real estate and equipment (without operator); intangible assets include patents and trademarks. Also included are establishments involved in managing, selling, buying, appraising real estate for others, automobile rental and leasing, and video tape and disc rental.



### Professional, Scientific, and Technical Services

This sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. Activities include legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services, consulting services, research services, advertising services, photographic services, payroll processing services, translation and interpretation services; veterinary services, and other professional, scientific, and technical services.



### Management of Companies and Enterprises

This sector includes establishments that hold the securities of companies and enterprises for the purpose of owning a controlling interest or influencing management decisions; or establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision-making role of the company or enterprise. Examples of establishments that administer, oversee, and manage other establishments of the company or enterprise include; centralized administrative offices (human resources), corporate offices, district and regional offices, and head offices.

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## **Administrative and Support and Waste Management and Remediation Services**

This sector comprises establishments that perform routine support activities for the day-to-day operations of other organizations that are often undertaken in-house by establishments in many sectors of the economy. The establishments in this sector specialize in one or more of these support activities and provide these services to clients in a variety of industries and, in some cases, to households. Activities, typically performed on a contract or fee basis, include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, telemarketing, collection, security and surveillance services, cleaning, and waste disposal services.



## **Educational Services**

This sector includes establishments that provide instruction and training in a wide variety of subjects by teachers who explain, tell, demonstrate, supervise, and direct learning. Schools, colleges, universities, training centers, fine arts schools, and sports and recreation instruction are included in Educational Services.



## **Health Care and Social Assistance**

This sector includes establishments that provide health care and social assistance for individuals. The services provided by establishments in this sector are delivered by trained professionals. Offices of physicians, dentists and other health practitioners, hospitals, medical and diagnostic laboratories, nursing homes, assisted living facilities, mental health and substance abuse facilities, individual and family services, and child care centers are included.



## **Arts, Entertainment, and Recreation**

This sector consists of establishments that operate facilities or provide services to meet various cultural, entertainment, and recreational interests of their patrons. Included are establishments involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and establishments that operate facilities or provide services that enable patrons to participate in recreational activities, amusements, hobbies, and leisure time activities. Some establishments that provide cultural, entertainment, or recreational facilities in combination with other services, such as resort and casino hotels and restaurants with nightclubs, are classified in other sectors.



## **Accommodation and Food Services**

This sector is composed of establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. Included are hotels, RV parks and recreational camps, and restaurants.



## **Other Services (except Public Administration)**

This sector comprises establishments engaged in providing services not provided for elsewhere in the NAICS classification system. Included are establishments engaged in equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, providing dry-cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, dating services, and domestic help, such as maids, butlers, and nannies.



## **Public Administration**

This sector consists of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies set policy, create laws, adjudicate civil and criminal legal cases, and provide for public safety and national defense. Ownership is generally not a criterion for classification in NAICS, therefore when separate establishment records are available, the administration of a government activity will be classified in Public Administration and the operation of the government activity will be classified in the sector that includes such operations. When separate establishment details for government agencies are not available, those agencies will be classified in the Public Administration sector.

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